REMARKS

The amendments and remarks presented herein are believed to be fully responsive to the Office Action.

Claims 1-8, 10, 12, 14-16 and 21-22 are pending in the present application. Claim 2 has been canceled and claims 1, 5-7, 10, 14 and 21~22 have been amended. No new matter has been added. The independent claims recited by the present application are claims 1, 10, 14, 20 and 21.

Examiner Interview Summary: Attorney (Changhoon Lee) for the Applicant conducted a telephonic interview with Examiner Nathan Uber and the primary Examiner regarding the present application on January 8, 2009. The discussion between the Examiners and the Attorney focused on the claimed invention with proposed amendment. The Attorney presented that the claimed invention as amended above, particularly the amended limitations, is patentably distinguishable over McElfresh.

CLAIM REJECTIONS:

A. Claim Rejections under 35 U.S.C. § 101

The Office Action rejects claims 1-8, 10, 12 and 16 under 35 U.S.C. §101 because the claimed invention is directed to non-statutory subject matter. The Office Action notes that a method/process claim must (1) be tied to another statutory class of invention or (2) transform underlying subject matter (such as an article or material) to a different state or thing. The Office Action states that claims 1-8, 10, 12 and 16 fail to meet one of the above-requirements because they are not tied to a second statutory class. The Office Action further rejects dependent claims

7-8, 12 and 16 under 35 U.S.C. §101 because they do not tie in a second statutory class of invention and because they inherit the deficiencies of the independent claims.

Applicants respectfully traverse these rejections. Nonetheless, Applicant respectfully amends claims 1 and 10 by adding limitations, for example, of "determining a first winning bid based at least in part on a bid price wherein the determining the first winning bid is performed by a server which includes a processor; and storing said bid data including the first winning bid in a memory. As such, the present process claims meet the statutory subject matter requirement.

B. Claim Rejections under 35 U.S.C. § 102

The Office Action states that claims 1-8, 10 and 12-20 are rejected under 35 U.S.C. § 102(e) as being anticipated by McElfresh et al., U.S. Patent No. U.S. 6,907,566 (hereinafter "McElfresh '566"). Applicants respectfully traverse these rejections.

Claims 1 and 21

The claimed invention is directed to a method of **automatic re-bidding process for a specific advertisement position on a web page** associated with a search keyword based on previously entered biddings for the advertising position. A web page defines a plurality of advertising areas (plurality of unit display zones) in association with a search keyword. The method of the present invention receives multiple bids for an advertising area (a first unit display zone) from multiple advertisers in association with a search keyword and stores bid data containing such bids.

Claims 1 and 21 as amended herein recites the following limitations:

(a) defining a plurality of advertisement locations for placement of advertisements in association with keywords, at least one of said advertisement locations including a plurality of unit display zones in association with a predetermined keyword;
(b) receiving at least one bid data corresponding to a first unit display zone from at least one advertiser, said first unit display zone being one of the plurality of unit display zones associated with said predetermined keyword, each of said at least one bid data indicating a bid price;
(c) determining a first winning bid based at least in part on a bid price wherein the determining the first winning bid is performed by a server which includes a processor;
(d) storing said bid data including the first winning bid in a memory;
(e) determining whether a first advertiser's right to display an advertisement on said first unit display zone is to be terminated, the first advertiser submitting the first winning bid;
(f) upon determining that the first advertiser's right to display an advertisement on said first unit display zone is to be terminated, retrieving at least a portion of said stored bid data from the memory;
(g) determining a second winning bid without soliciting new bids, based at least in part on a bid price, among said retrieved bid data for placement of an advertisement on said first unit display zone in association with search result list generated in response to a search query associated with said predetermined keyword, said retrieved bid data including previously entered bids for said first unit display zone;
(h) transferring said right to display an advertisement on said first unit display zone from said first advertiser to a second advertiser which has submitted said second winning bid;
(i) displaying an advertisement of the second advertiser on said first unit display zone; and
(j) upon termination of the first advertiser's right to display an advertisement on said first unit display zone, performing a re-bid process for a second unit display zone wherein a winning bid for the second unit display zone is determined based at least in part on a bid price among previously stored bids for the second unit display zone including the first advertiser's bid if the first advertiser's bid was made for the second unit display zone as well as the first unit display zone.

A. RE-BIDDING PROCESS FOR THE FIRST UNIT DISPLAY ZONE

Technically, the automatic re-bidding process of the present invention is a method of determining another winning bid based on previously entered bids when an existing advertisement is to be terminated. The claimed invention expedites the re-bidding process relying solely on the previously entered bids for the same advertising spot.

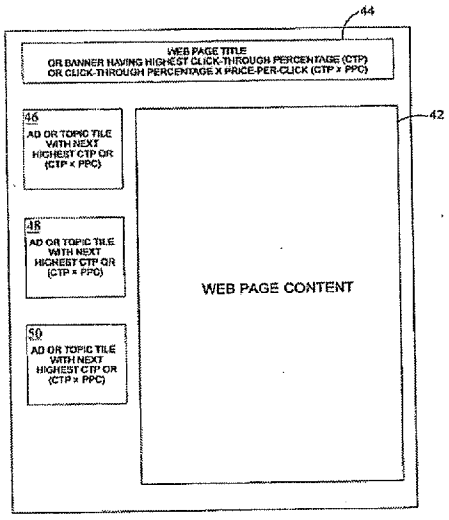
The amended claim 1 recites: "storing said bid data including the first winning bid in a memory; determining whether a first advertiser's right to display an advertisement on said first unit display zone is to be terminated, the first advertiser submitting the first winning bid; upon determining that the first advertiser's right to display an advertisement on said first unit display zone is to be terminated, retrieving at least a portion of said stored bid data from the memory; and determining a second winning bid without soliciting new bids, based at least in part on a bid price, among said retrieved bid data for placement of an advertisement on said first unit display zone in association with search result list generated in response to a search query associated with said predetermined keyword, said retrieved bid data including previously entered bids for said first unit display zone."

At the first bidding process, a first winning bid is determined based upon a bid price and the system allows the first winning bidder to run its advertisement on the first unit display zone. The automatic re-bidding process is initiated upon determining that a predetermined transfer condition for right to display the first winning bidder's advertisement on the first unit display zone is satisfied. The predetermined transfer condition means predetermined conditions for transferring right to display the advertisement on the first unit display zone. For example, termination of an advertising contract for the first winning bidder would be the predetermined transfer condition. The present invention determines a second winning bid, based at least in part on a bid price, among the stored bids (i.e. previously entered) for placement of an advertisement on the first unit display zone and displays an advertisement of the second winning bidder on the first unit display zone.

Further, once the first advertiser's right to display an advertisement on the first unit display zone is terminated, a re-bid process for a second unit display zone could be initiated if the first advertiser's bid was made for the second unit display zone as well as the first unit display zone. In this case, a winning bid for the second unit display zone is determined based at least in part on a bid price among previously stored bids for the second unit display zone including the first advertiser's bid.

Applicant submits that McElfresh '566 is not applicable. McElfresh '566 is directed to a method of placing a plurality of graphical objects (advertisements) on a web page to increase the chance of attracting users' attention to the displayed keyword advertisement, which means maximizing revenue by attracting more user clicks on the displayed advertisement. To achieve its goal, **the server of McElfresh rearranges the graphical ads relative to one another on the web page according to performance data.** The performance data is calculated based on the likelihood that a user will click on the ad, such as previous click-through rate. Thus, advertisements on a web page will be rearranged depending on the previous click-through rate. For example, column 2, lines 39-53 of McElfresh '566 recites:

> The present invention provides a method and system for placement of graphical objects on a page to optimize the occurrence of an event associated with such objects. The graphical objects might include, for instance, advertisements on a webpage, and the event would include a user clicking on that ad. The page includes positions for receipt of the object material. Data regarding the past performance of the objects is stored and updated as new data is received. A user requests a page from a server associated with system. The server uses the performance data to derive a prioritized arrangement of the objects on the page. The server performs a calculation regarding the likelihood that an event will occur for a given object, as displayed to a particular user. The objects are arranged according to this calculation and returned to the user on the requested page….



<Fig. 2 of McElfresh>

(1) McElfresh '566 does not teach or suggest the keyword bidding process.

The bidding process for keyword advertising (limitations (a) ~ (c)) has been known in the art. Nonetheless, McElfresh '566 in combination with the known bidding process does not teach or suggest the re-bidding process of the claimed invention. McElfresh '566 rearranges advertisements relative to one another on the web page according to the previous performance data. As shown in the above drawing, once a set of advertisements on a web page have been determined, the method of McElfresh '566 arranges or rearranges position of each advertisement based upon performance data (i.e. CTP or CTP x PPC) to maximize revenue by attracting more user clicks on the displayed advertisement. While the conventional bidding process is known in the art, McElfresh '566 teaches neither any bidding process nor the re-bidding process of the claimed invention. Further, the performance data is calculated not by the advertisers' bidding but by how much revenue have been generated by each advertisement.

(2) McElfresh '566 does not teach or suggest the re-bidding process.

The first bidding process of the claimed invention selects a first winning bidder for the first unit display zone. The claimed invention stores bid data indicating all bids for the first unit display zone from multiple advertisers as well as the first winning bid. When the first advertiser's right to display an advertisement on the first unit display zone is to be terminated, however, the claimed invention would initiate a re-bidding process for a first unit display zone, which selects a second winning bid among the stored bid data. Further, the claimed invention also recites a re-bidding for a second unit display zone.

While McElfresh '566 discloses the method of rearranging keyword advertisements based on the performance data, it does not disclose the re-bidding process (limitations (e) ~ (h)) of the claimed invention.

McElfresh '566 discloses general explanation of the pay per click (PPC) Internet advertising model and click-through rate (CTR), which is a method of measuring the success of an online advertising campaign, for example, at col. 7, line 61 – col. 8, line 8, as follows:

> Referring again to FIGS. 3(a) and 3(b), the Rad Server 112 sends a request 134 for performance statistical data (or performance stats) to the Ad/Content performance database 140 and the requested performance stats 136 are returned to the Rad Server 112. A click-through-percentage 133 is calculated for each ad based upon the performance stats and the user information. The Rad Server 112 thereafter ranks the ads according to a desired arrangement method 135. While other equivalent methods are intended to be included within the scope of this invention, the methods discussed above include arranging the ads according to: click-through-percentage; or click-through-percentage times price-per-click for each ad. Topical tiles might also be arranged according to the click-through-rate for each topic, times the revenue-per-user.

Unlike the performance data, advertisers' bidding cannot be used to measure the success of an online advertising campaign. Further, the re-bidding process of the claimed invention

would not increase the chance of attracting users' attention to the displayed keyword advertisement. Thus, McElfresh '566 does not teach or suggest the re-bidding process.

The Examiner asserted at the interview that McElfresh '566 teaches the bidding process of the claimed invention since it discloses calculating performance data based on "the cost-per-click" as well as the click-through-rate. The novel feature of the claimed invention is the re-bidding process, not the method of determining a winning bid based on the bid price. Furthermore, the cost-per-click in McElfresh '566 is used to calculate the performance data in terms of the dollar amount revenue.

As discussed above, McElfresh '566 does not disclose any bidding process. The advertisements in McElfresh '566 could be selected either by bidding process or non-bidding process. However, it is clear that the method disclosed in McElfresh '566 rearranges graphical positions of the ads which have already been selected. In this regard, the rearrangement of the ads in McElfresh '566 has nothing to do with a bidding process for the online advertising.

B. RE-BIDDING PROCESS FOR THE SECOND UNIT DISPLAY ZONE

The amended claim 1 recites "upon termination of the first advertiser's right to display an advertisement on said first unit display zone, performing a re-bid process for a second unit display zone wherein a winning bid for the second unit display zone is determined based at least in part on a bid price among previously stored bids including the first advertiser's bid."

When the first advertiser's right to display an advertisement on the first unit display zone is terminated, the claimed invention performs a re-bid process for the remaining unit display zones, for example a second unit display zone. Particularly, when the first advertiser previously

bidded for multiple advertising areas (i.e. multiple unit display zones) including the first and second unit display zones, the first advertiser can automatically be a condidate (bidder) for the second unit display zone when his right to display an advertisement on the first unit display zone is terminated. Upon termination of the first advertiser's advertisment on the first unit display zone, the claimed invention determines a winnding bid for the second unit display zone among the previously entered bids including the first advertiser's bid for the second unit display zone.

As discussed above, the server of McElfresh '566 rearranges the graphical ads relative to one another on the web page according to performance data. In McElfresh '566, after a predetermined number of ads were selected, the server periodically rearranges graphical positions of each advertisement based upon previous performance data.

Response to the Examiner's arguments

(1) The Examiner indicates that the following features are not recited in claims 1 and 21; an advertisement location is not derived by an advertiser but derived based on calculated performance data in McElfresh '566 whereas, the present invention does not move an advertisement from one location to another without an advertiser's request.

Since the above statement is not clear, Applicant respectfully clarifies its earlier statement as follows:

The present invention changes to a new advertisement for a specific advertising position **based upon the stored users' bids** whereas McElfresh '566 rearrange advertisements relative one another **based on the performance data, such as click-through rate**.

(2) The Examiner further indicates that the feature of determining a winning bid once a contract for the existing advertisement displayed on the same advertisement location is terminated is not recited in claims 1 and 21.

The termination of an advertising contract is one example of the predetermined transfer condition recited in claims 1 and 21. However, Applicant respectfully amends the claim as follows: "upon determining that the first advertiser's right to display an advertisement on said first unit display zone is to be terminated."

(3) The Examiner indicates that claims 1 and 21 do not recite the "automatic re-bidding process for a particular advertisement position on a web page."

Applicant respectfully disagrees with the Examiner's position. Nonetheless, Applicant has amended claims 1 and 21 to clarify the "automatic re-bidding process for a specific advertisement position on a web page."

As discussed above, technically, the automatic re-bidding process of the present invention is a method of determining another winning bid when an existing advertisement is no longer provided on a spot. As such, McElfresh '566 does not anticipate the present invention. Therefore, claims 1 and 21 are now in condition for allowance.

Amended limitations are supported by the original specification.

The amended claim 1 recites the limitations of "determining whether a first advertiser's right to display an advertisement on said first unit display zone is to be terminated according to a predetermined transfer condition, which are supported by the original specification, for example, at least para. [0009] and [0090]. The amended claim 1 also recites the limitation of "upon termination of the first advertiser's right to display an advertisement on said first unit display

zone, performing a re-bid process for a second unit display zone wherein a winning bid for the second unit display zone is determined based at least in part on a bid price among previously stored bids including the first advertiser's bid," which are supported by the original specification, for example, at least paras. [0014], [0047] and [0052] ~ [0060]. No new matter is added.

Claims 2-8 and 15

Since claim 2 has been canceled, the rejections thereof are moot.

Further, the Examiner rejected claims 3-8 and 15 which depend from claim 1 as being anticipated by McElfresh '566. The above remarks are equally applicable for the dependent claims 3-8 and 15. As such, claims 3-8 and 15 are clearly allowable over the cited prior art.

Claim 10

Claim 10 recites similar distinguishable limitations with those of claim 1. Thus, the above remarks for claim 1 are equally applicable for claim 10. As such, McElfresh '566 does not anticipate the present invention. Therefore, claim 10 is now in condition for allowance.

Claims 12 and 16

The Examiner rejected claims 12 and 16 which depend from claim 10 as being anticipated by McElfresh '566. The above remarks are equally applicable for the dependent claims 12 and 16. As such, claims 12 and 16 are clearly allowable over the cited prior art.

Claims 10 and 22

The claimed invention is directed to a method of **automatic re-bidding process for a specific advertisement position on a web page** associated with a search keyword based on previously entered biddings for the advertising position. A web page defines a plurality of advertising areas (plurality of unit display zones) in association with a search keyword. The

method of the present invention receives multiple bids for an advertising area (a first unit display zone) from multiple advertisers in association with a search keyword and stores bid data containing such bids.

Claims 10 and 22 as amended herein recites the following limitations:

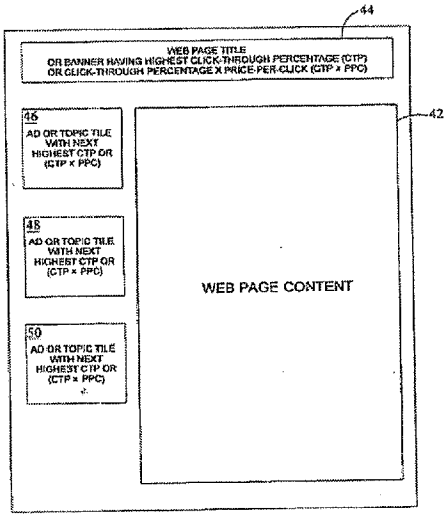
> (a) receiving a plurality of bids for a particular placement position of advertisement in association with a predetermined keyword, said each bid indicating a bid price and an advertisement;
> (b) determining a first winning bid based at least in part on a bid price wherein the determining the first winning bid is performed by a server which includes a processor;
> (c) storing said bids including the first winning bid in a memory;
> (d) determining whether a first advertiser's right to display an advertisement on said particular placement position is to be terminated according to a predetermined transfer condition, the first advertiser which submitting the first winning bid;
> (e) upon determining that the first advertiser's right to display an advertisement on said first unit display zone is to be terminated, selecting, based at least in part on review of bid price, a second winning bid without soliciting new bids among said stored bids for said particular placement position of advertisement in association with said predetermined keyword;
> (f) transferring said right to display an advertisement on said particular placement position in association with said predetermined keyword from said first advertiser to a second advertiser who has submitted said second winning bid; and
> (g) displaying an advertisement of the second advertiser on said particular placement position.

At the first bidding process, a first winning bid is determined based upon a bid price and the system allows the first winning bidder to run its advertisement on the first unit display zone. The automatic re-bidding process is initiated upon determining that a predetermined transfer condition for right to display the first winning bidder's advertisement on the first unit display zone is satisfied. The predetermined transfer condition means predetermined conditions for transferring right to display the advertisement on the first unit display zone. For example, termination of an advertising contract for the first winning bidder would be the predetermined

transfer condition. The present invention determines a second winning bid, based at least in part on a bid price, among the stored bids (i.e. previously entered) for placement of an advertisement on the first unit display zone and displays an advertisement of the second winning bidder on the first unit display zone.

Applicant submits that McElfresh '566 is not applicable. McElfresh '566 is directed to a method of placing a plurality of graphical objects (advertisements) on a web page to increase the chance of attracting users' attention to the displayed keyword advertisement, which means maximizing revenue by attracting more user clicks on the displayed advertisement. To achieve its goal, **the server of McElfresh rearranges the graphical ads relative to one another on the web page according to performance data.** The performance data is calculated based on the likelihood that a user will click on the ad, such as previous click-through rate. Thus, advertisements on a web page will be rearranged depending on the previous click-through rate. For example, column 2, lines 39-53 of McElfresh '566 recites:

> The present invention provides a method and system for placement of graphical objects on a page to optimize the occurrence of an event associated with such objects. The graphical objects might include, for instance, advertisements on a webpage, and the event would include a user clicking on that ad. The page includes positions for receipt of the object material. Data regarding the past performance of the objects is stored and updated as new data is received. A user requests a page from a server associated with system. The server uses the performance data to derive a prioritized arrangement of the objects on the page. The server performs a calculation regarding the likelihood that an event will occur for a given object, as displayed to a particular user. The objects are arranged according to this calculation and returned to the user on the requested page….



<Fig. 2 of McElfresh>

(1) McElfresh '566 does not teach or suggest the keyword bidding process.

The bidding process for keyword advertising (limitations (a) ~ (c)) has been known in the art. Nonetheless, McElfresh '566 in combination with the known bidding process does not teach or suggest the re-bidding process of the claimed invention. McElfresh '566 rearranges advertisements relative to one another on the web page according to the previous performance data. As shown in the above drawing, once a set of advertisements on a web page have been determined, the method of McElfresh '566 arranges or rearranges position of each advertisement based upon performance data (i.e. CTP or CTP x PPC) to maximize revenue by attracting more user clicks on the displayed advertisement. While the conventional bidding process is known in the art, McElfresh '566 teaches neither any bidding process nor the re-bidding process of the claimed invention. Further, the performance data is calculated not by the advertisers' bidding but by how much revenue have been generated by each advertisement.

(2) McElfresh '566 does not teach or suggest the re-bidding process.

The first bidding process of the claimed invention selects a first winning bidder for the first unit display zone. The claimed invention stores bid data indicating all bids for the first unit display zone from multiple advertisers as well as the first winning bid. When the first advertiser's right to display an advertisement on the first unit display zone is to be terminated, however, the claimed invention would initiate a re-bidding process for a first unit display zone, which selects a second winning bid among the stored bid data. Further, the claimed invention also recites a re-bidding for a second unit display zone.

While McElfresh '566 discloses the method of rearranging keyword advertisements based on the performance data, it does not disclose the re-bidding process (limitations (e) ~ (h)) of the claimed invention.

McElfresh '566 discloses general explanation of the pay per click (PPC) Internet advertising model and click-through rate (CTR), which is a method of measuring the success of an online advertising campaign, for example, at col. 7, line 61 – col. 8, line 8, as follows:

> Referring again to FIGS. 3(a) and 3(b), the Rad Server 112 sends a request 134 for performance statistical data (or performance stats) to the Ad/Content performance database 140 and the requested performance stats 136 are returned to the Rad Server 112. A click-through-percentage 133 is calculated for each ad based upon the performance stats and the user information. The Rad Server 112 thereafter ranks the ads according to a desired arrangement method 135. While other equivalent methods are intended to be included within the scope of this invention, the methods discussed above include arranging the ads according to: click-through-percentage; or click-through-percentage times price-per-click for each ad. Topical tiles might also be arranged according to the click-through-rate for each topic, times the revenue-per-user.

Unlike the performance data, advertisers' bidding cannot be used to measure the success of an online advertising campaign. Further, the re-bidding process of the claimed invention

would not increase the chance of attracting users' attention to the displayed keyword advertisement. Thus, McElfresh '566 does not teach or suggest the re-bidding process.

The Examiner asserted at the interview that McElfresh '566 teaches the bidding process of the claimed invention since it discloses calculating performance data based on "the cost-per-click" as well as the click-through-rate. The novel feature of the claimed invention is the re-bidding process, not the method of determining a winning bid based on the bid price. Furthermore, the cost-per-click in McElfresh '566 is used to calculate the performance data in terms of the dollar amount revenue.

As discussed above, McElfresh '566 does not disclose any bidding process. The advertisements in McElfresh '566 could be selected either by bidding process or non-bidding process. However, it is clear that the method disclosed in McElfresh '566 rearranges graphical positions of the ads which have already been selected. In this regard, the rearrangement of the ads in McElfresh '566 has nothing to do with a bidding process for the online advertising.

As discussed above, technically, the automatic re-bidding process of the present invention is a method of determining another winning bid when an existing advertisement is no longer provided on a spot. As such, McElfresh '566 does not anticipate the present invention. Therefore, claims 1 and 21 are now in condition for allowance.

Claim 14

The amended independent claim 14 recites the following limitations:

> means for defining a plurality of advertisement locations for placement of advertisements in association with a keyword, at least one of said advertisement locations including a plurality of unit display zones in association with a predetermined keyword;

a user interface configured for receiving at least one bidding corresponding to a first unit display zone associated with the predetermined keyword from at least one advertiser, each of the at least one bidding indicating a bid price;

a memory, said memory storing bid data corresponding to the at least one bidding;

means for processing bidding for said first unit display zone, said means for processing the bidding determining a first winning bid for said first unit display zone based at least in part on a bid price, said means for processing the bidding determining a second winning bid based at least in part on the bid price among said bid data for placement of an advertisement on the first unit display zone associated with the predetermined keyword, said bid data including previously entered bids for said first unit display zone;

means for determining whether a first advertiser's right to display an advertisement on the first unit display zone is to be terminated according to a predetermined transfer condition, the first advertiser submitting the first winning bid; and

means for transferring said right to display an advertisement on the first unit display zone from the first advertiser to a second advertiser who has submitted the second winning bid,

wherein, upon termination of the first advertiser's right to display an advertisement on said first unit display zone, the means for determining performs a re-bid process for a second unit display zone wherein a winning bid for the second unit display zone is determined based at least in part on a bid price among previously stored bids including the first advertiser's bid.

As such, McElfresh '566 does not anticipate the present invention. Therefore, claim 14 is now in condition for allowance.

If any issue regarding the allowability of any of the pending claims in the present application could be readily resolved, or if other action could be taken to further advance this application such as an Examiner's amendment, or if the Examiner should have any questions

regarding the present amendment, it is respectfully requested that the Examiner please telephone Applicant's undersigned attorney in this regard.

Respectfully submitted,

Date: Feb. 27, 2009

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